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C O N F I D E N T I A L SECTION 01 OF 02 KIEV 000579

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SUBJECT: UKRAINE: SOCIALIST LEADER MOROZ ON ELECTIONS,
CONSTITUTIONAL REFORM, GAS

Classified By: Ambassador for reasons 1.4(a,b,d).

11. (C) Summary: In a February 13 meeting with Ambassador, Socialist Party leader Oleksandr Moroz opined that new Constitutional Court judges would not be selected until after the March 26 parliamentary elections because of concerns that the court would otherwise revisit constitutional reform. Moroz dismissed President Yushchenko's calls for a referendum on constitutional reform, averring that the issue had been thoroughly discussed over several years and did not need revisiting. Moroz thought that his Socialist Party would garner 10-11% of the popular vote, giving them 14-16% of the seats in the Rada. Moroz considered Bloc Yuliya Tymoshenko (BYuT) his party's main competition, referring to ex-Orange PM Tymoshenko as the main source of conflict in Ukrainian society. Moroz thought that any coalition building would have to wait until after the elections, when the parties knew where they stood in terms of Rada seats, and offered that Tymoshenko, not Yushchenko, might come in second place after ex-Kuchma PM Yanukovych. Moroz thought the recent Ukraine-Russia natural gas deal was a "catastrophe" for Ukraine, and questioned whether some people around Yushchenko had been bought off in order to clear the way for a gas deal advantageous to Russia. End summary.

Constitutional Court: Not until after elections

12. (C) Ambassador opened a February 13 meeting with Socialist Party leader Oleksandr Moroz by asking about the fate of the Constitutional Court (which has been without a quorum since October 2005). Moroz said that new judges would be selected and confirmed and the court would be seated soon after the March 26 Rada (Parliament) elections, but there was no chance of it being seated before elections because of fears the government might use it to revisit constitutional reform. When queried about President Viktor Yushchenko's statements calling for a referendum on constitutional reform, Moroz thought that a referendum would not take place because there was little support for a referendum, and the issue had already been thoroughly discussed.

13. (C) Moroz pointed out that, while Yushchenko's primary argument against constitutional reform was that the December 8, 2004 adoption of the reform package had been taken without open debate, in fact the idea of constitutional reform had been discussed in Ukrainian politics since 2000, and debated both in government and by the public. Moroz said Yushchenko's Our Ukraine party leaders met to discuss constitutional reform before they decided to support it as part of the December 8 compromise that led to the repeat second round of presidential elections. (Comment: Moroz has long supported constitutional reform that strengthened the Rada vis-a-vis the Presidency, as the recent measures do. This makes sense, as the Socialist Party, with popular support levels long between 5 and 10%, has no near-term hope of gaining the Presidency.)

Socialists main competition: Tymoshenko

14. (C) On the topic of the Socialist Party's election prospects, Moroz thought that his party would garner 10-11% of the vote, equating to 14-16% of the seats in the Rada (15% of the Rada's 450 seats would be 67-68 seats). Moroz asserted that his party could count on the support of a strong party structure, with real people on the ground getting out the vote. (Note: Observers say the Socialist Party indeed has the strongest grass roots structure of all parties in Ukraine.) When asked who his main competitor was, Moroz replied that the Socialists competed for the many of the same voters as Yuliya Tymoshenko's Bloc (BYuT), particularly in the eastern and southern cities of Donetsk, Kharkiv, Sumy, and Odesa, as well as Crimea. Moroz characterized former ally Tymoshenko as the main source of conflict in Ukrainian society, citing a book "Kill Yuliya," which used fictionalized versions of political figures (Moroz appears as "Morozenko") to demonize her opponents. According to Moroz, the book sold approximately 800,000 copies and was paid for by Tymoshenko.

15. (C) Moroz decried the composition of Tymoshenko's party list, noting that the top 10 were legitimate political figures, but the rest were corrupt businessmen and criminals.

To avoid criticism of the electoral list composition, Moroz claimed, BYuT held a closed party congress. Moroz argued that Yushchenko's People's Union Our Ukraine (PUOU) had similar problems, citing corruption among Yushchenko family members and associates. (Comment: Tymoshenko's electoral list, like that of Yanukovych's Regions -- but not to the same extent -- and those of other parties/blocs, includes some unsavory politicians and businesspeople seeking parliamentary immunity and a place to further their business interests, but Moroz's characterization "all beyond the top ten are corrupt or criminal" overstates the Tymoshenko list problem.)

Coalitions: Too early to tell

16. (C) When queried about possible post-election Rada coalitions, Moroz responded that any deal-making would have to wait until after the elections when the numbers were known. Moroz predicted that ex-PM Viktor Yanukovych's Party of Regions would receive the most votes, with Tymoshenko's BYuT likely coming in second. When questioned about polls showing Yushchenko having passed Tymoshenko in the polls, Moroz attributed this to Yushchenko-connected pollsters spinning the numbers. Moroz asserted that neither Yushchenko nor Tymoshenko had a strong party structure on the ground, a deficiency that could not be overcome through charisma. (Note: In a conversation before the meeting, a Moroz aide said she thought a Yushchenko-Yanukovych coalition was a possibility, with Socialist involvement possible if they were given enough say in government policy.)

Gas Deal: A Russian Win?

17. (C) Moroz termed the recent Ukraine-Russia natural gas deal a "catastrophe" for Ukraine's economy, and called it a round that Russia had won. Moroz lamented how bad and non-transparent the deal was, noting that it seemed as though nobody involved in making the deal had been looking out for the interests of Ukraine. Moroz questioned why third-rank officials had been negotiating a deal with national security implications and why First Deputy Prime Minister Stashevsky had no information on the gas agreement. Ambassador questioned why on January 4 the Ukrainians had accepted such a deal when, from the U.S. perspective, they were negotiating from a position of strength with Europe highly critical of the Russian gas shut-off. Moroz speculated that some people around Yushchenko had been bought off in order to make the deal happen, opening the door for Russia to gain control of Ukraine's gas transport system, Ukraine's one piece of leverage. Moroz pointed up as an alternative a plan proposed by ex-Deputy Prime Minister for Energy Vitaliy Hayduk to purchase a Russian company for use as an intermediary in the gas market.

18. (U) Visit Embassy Kiev's classified website:
www.state.sgov.gov/p/eur/kiev.
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